

# SUMMARY ANALYSIS OF AMENDED BILL

## Franchise Tax Board

Author: Alquist Analyst: Jeff Garnier Bill Number: AB 2281

Related Bills: See Prior Analysis Telephone: 845-5322 Amended Date: May 22, 2000

Attorney: Patrick Kusiak Sponsor: State Controller

**SUBJECT:** Long-Term Care Insurance Deduction

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended \_\_\_\_\_.

AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

AMENDMENTS DID NOT RESOLVE THE DEPARTMENT'S CONCERNS stated in the previous analysis of bill as introduced/amended \_\_\_\_\_.

FURTHER AMENDMENTS NECESSARY.

DEPARTMENT POSITION CHANGED TO \_\_\_\_\_.

REMAINDER OF PREVIOUS ANALYSIS OF BILL AS INTRODUCED/AMENDED \_\_\_\_\_ STILL APPLIES.

☒ OTHER - See comments below.

### SUMMARY OF BILL

**This bill** would provide that a percentage of the cost of long-term care insurance be allowed as a deduction in computing adjusted gross income (AGI). The deduction would start in the 2002 tax year and increase incrementally from 25% to 100% beginning in the 2007 tax year. The deduction would not be allowed for single or married filing separate taxpayers with an AGI greater than \$100,000 and all other taxpayers with an AGI greater than \$200,000.

This bill would require the Franchise Tax Board (FTB) to report annually to the Legislature on this deduction.

### SUMMARY OF AMENDMENT

The May 22, 2000, amendment added the language requiring the FTB to report annually to the Legislature. The amendment impacts the department's cost discussed in the prior analysis.

Except for the department's costs, the March 30, 2000, analysis still applies.

### LEGISLATIVELY MANDATED REPORTS

This bill would require the FTB to report annually to the Legislature. To the extent the information is available, the report would include the total number of taxpayers claiming the deductions, the AGIs of those taxpayers, the total amount of the deductions claimed, and any other information the FTB deems useful to evaluate the credit.

#### Board Position:

<input type="checkbox"/> S	<input type="checkbox"/> NA	<input type="checkbox"/> NP
<input type="checkbox"/> SA	<input type="checkbox"/> O	<input type="checkbox"/> NAR
<input type="checkbox"/> N	<input type="checkbox"/> OUA	<input checked="" type="checkbox"/> PENDING

#### Legislative Director

#### Date

Johnnie Lou Rosas

6/9/00

Departmental Costs

The information requested to be included in the legislatively mandated report would cost \$200,000 per year or 4.6 personnel years to capture. The changes required by this bill would be done during the annual change process.

BOARD POSITION

Pending.